



The Panel

January 2003

Judges' Retirement System of Illinois

Fiscal Year 2002 Financial Highlights

Operations

Total revenue includes participant and employer contributions as well as net income from investment activities. Participant contribution rates are set by statute as a percentage of salary.

For fiscal year 2002, participant contributions totaled \$12.5 million, a 1.6% increase from fiscal year 2001. Employer contributions increased to approximately \$27.5 million in fiscal year 2002 from \$24.3 million in fiscal year 2001. This increase was based on the contributions required by the State's funding plan.

Total expenses include benefit payments, refunds and administrative expenses.

During fiscal year 2002, the System paid out approximately \$53.2 million in benefits and refunds, an increase of 8.6% from fiscal year 2001. This increase was mainly due to an increase in the number of retirees and higher participant salaries on which the payments are based. The System's total administrative costs represented less than 1% of total expenses.

Investments

By State law, the System's investment function is managed by the Illinois State Board of Investment (ISBI) along

One- On- One Counseling

We will be holding one-on-one counseling sessions in the following locations for the remainder of fiscal year 2003. If you would like to talk with our staff during a visit to your area, call us at 217-782-8500 or contact the Court Administrator at the location we're visiting.

March 18

State of Illinois Building
160 North LaSalle, Suite N-725
Chicago
312-814-5853
9:30 a.m. - 3:00 p.m.

March 19

State of Illinois Building
160 North LaSalle, Suite N-725
Chicago
312-814-5853
8:30 a.m. - 12:30 p.m.

April 23

Rock Island Courthouse
Rock Island, IL
10:30 a.m. - 12:30 p.m.

April 23

Mt. Carroll Courthouse
Mt. Carroll, IL
2:00- 3:00 p.m.

April 24

Winnebago County Courthouse
Rockford, IL
725 South Michigan Avenue
8:30 a.m. - 10:30 a.m.

May

State Capitol
Springfield
Dates & times to be announced

June 19

Montgomery County Courthouse
Hillsboro
8:30 - 10 a.m.

June 19

Madison County Courthouse
Edwardsville
11 a.m. - 2 p.m.

June 20

County Courthouse
10 Public Square
Belleville
8:30 a.m. - 11:00 a.m.

SRS on the Web

Internet: <http://www.state.il.us/srs>

E-Mail: ser@mail.state.il.us

FINANCIALS (continued from page 1)

with the General Assembly and State Employees' Retirement Systems. All investments are accounted for in a commingled ISBI fund.

The ISBI fund was down 6.9% for fiscal year 2002, net of expenses. This loss follows on a negative return for fiscal year 2001, and reflects the ongoing negative stock market environment, both in the U.S. and abroad.

While the ISBI fund didn't meet its long-term objective of exceeding the 8.0% assumed actuarial interest rate assumption, the return was modestly ahead of the ISBI policy-weighted benchmark return, which lost 7.3%. For the ten year period ended June 30, 2002, the ISBI fund has exceeded the assumed actuarial interest rate with an average annual return of 9.1%.

Despite the negative investment returns of the marketplace, JRS benefits were unaffected. Just as benefits don't increase as a result of a bull market, they aren't reduced in a bear market. A prudent investment philosophy over the long-term, will continue to yield the greatest results and help provide for a healthy retirement system.

Funding

The System's funding plan requires that state contributions be paid to the System so that by the end of fiscal year 2045, the ratio of net assets to the actuarial accrued liability (funding ratio) will be 90%.

At June 30, 2002, the System's accrued actuarial liability amounted to \$1.021 billion. The actuarial value of net assets (at fair value) amounted to \$343.7 million as of the same date, resulting in a funding ratio of 33.7%.

Statements of Plan Net Assets June 30, 2002 and 2001

	2002	2001
ASSETS		
Cash	\$ 6,593,476	\$ 8,529,516
Receivables	4,718,760	613,324
Investments, at fair value	332,424,596	372,637,630
Equipment, net of acc. deprec.	3,131	4,306
Total Assets	343,739,963	381,784,776
Total Liabilities	(80,669)	(51,195)
Net assets held in trust for pension benefits	\$343,659,294	\$ 381,733,581

Statements of Changes in Plan Net Assets June 30, 2002 and 2001

	2002	2001
REVENUES		
Contributions:		
Participants	\$ 12,487,303	\$ 12,291,097
Employer	27,532,000	24,348,926
Total Contributions	40,019,303	36,640,023
Investment (Loss)	(24,493,880)	(28,464,876)
Total Revenues	15,525,423	8,175,147
EXPENSES		
Benefits	52,822,314	48,330,822
Refunds	353,163	633,610
Administrative	424,233	410,854
Total Expenses	53,599,710	49,375,286
Net (Decrease)	(38,074,287)	(41,200,139)
Net assets held in trust for pension benefits:		
Beginning of year	381,733,581	422,933,720
End of year	\$ 343,659,294	\$ 381,733,581

Honoring Those Who Have Fallen

We have always made every effort to keep our membership aware of the current affairs related to JRS. We are going to start printing the names of judges who have passed away during the year. This is in response to the many requests we have for this information. The following is a list of Illinois judges who died during 2002.

	<i>Date of Death</i>		
Michael Bilandic	1-15-02	Lucia Thomas	7-07-02
John A. Whitney	1-17-02	Maurice Pompey	8-14-02
Ernest H. Utter	1-17-02	James Franz	8-21-02
Meyer Goldstein	2-02-02	F. L. Lenz	9-08-02
Robert D. Law	2-14-02	Jack Michaelree	9-13-02
Martin G. Luken	2-24-02	Joseph Moore	9-15-02
Anthony Kogut	3-14-02	Jerome Lopinot	9-28-02
James J. Mejda	4-10-02	Donald Morthland	9-29-02
Carl Sneed	4-24-02	Wayne O'Connor	10-09-02
Michael J. Kelly	5-16-02	Nicholas Bua	11-01-02
Stewart Hutchison	5-22-02	Alfred L. Pezman	11-20-02
		Everett Prosser	11-26-02

Retiree's Corner

Federal Income Tax Withholding Notice

Monthly JRS benefits are subject to federal income tax withholding. Federal law requires us to ask benefit recipients to complete a W-4P to determine if they want federal income tax withheld from their benefit.

If you fail to inform us of your decision, taxes are withheld as a married individual with three exemptions. No withholding is required for a benefit less than \$1,300.51 per month unless you request it.

Tax penalties may be incurred if you do not withhold income taxes and your estimated tax payment is insufficient for the year.

If your request is on file with JRS, it will stay the same unless you request a change. You may notify us

at any time to change or end your withholding. You will be notified through this newsletter of any changes in federal tax laws affecting your withholding.

Annuitant & Survivor Annual Statements

JRS will be mailing the annuitant and survivor annual benefit statements in March. This statement details any benefits you are receiving, your beneficiaries for death benefits and group insurance, and other important information.

If you wish to change your beneficiary(ies), please contact us as soon as possible so that these changes can be included in your upcoming statement.

JRS Receives Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Judges' Retirement System (JRS) for its comprehensive annual financial report for the fiscal year ended June 30, 2001.

In order to be awarded a prestigious Certificate of Achievement, a government unit must publish an easily-readable, efficiently-organized, comprehensive annual financial report conforming to program standards.

JRS Legislation

No legislation affecting JRS members was passed during the veto session.

Release of Personal Information

The Board of Trustees of the Judges Retirement System has always considered member information to be private and confidential. We only release member information if the member authorizes it or someone uses the Freedom of Information Act.

The Board has agreed to let a member authorize the release of their address and telephone number to fellow judges. Below is the authorization you can complete and return to us. We will keep it on file, and provide your address and telephone number to other judges upon request.

I, Judge _____ do hereby give my permission
for JRS to provide other judges with my address and telephone number upon request.

Signature

Date

Planning Your Financial Future

To help you start planning for your retirement years, we urge you to enroll in the free, one-day Education for Tomorrow's Choices (ETC) pre-retirement workshop.

The ETC stresses long-range planning, features a certified financial planner to discuss money management and investment strategies, and expert speakers from Deferred Compensation and Social Security.

Although retirement may be years in the future, this information will help you plan for a lifetime of financial security. If you are interested in attending a workshop, call us at 217-782-8500. As always, guests are welcome.

Try Direct Deposit

Why not choose the convenience of Direct Deposit instead of waiting for your retirement benefit in the mail? With Direct Deposit, your benefit is automatically deposited into your bank account.

Your benefits are deposited earlier than having it mailed to your home. Your first two payments are mailed to your home, then all future payments are electronically deposited into your bank account on the 19th of each month.

The Comptroller and JRS encourage you to take advantage of the Direct Deposit program. To enroll in Direct Deposit, or if you have questions, call 217-782-8500.

 The **Panel** is
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P. O. Box 19255
2101 S. Veterans Parkway
Springfield, Illinois 62794-9255
217-782-8500

Chicago Office:
State of Illinois Building
160 N. LaSalle, Suite N725
Chicago, Illinois 60601
312-814-5853

Robert V. Knox, Executive Secretary

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